

SUPERIOR COURT OF THE STATE OF CALIFORNIA
IN AND FOR THE COUNTY OF LOS ANGELES

BLUE OCEAN MORTGAGE CORPORATION
INC., ET AL.,

CERTIFIED COPY

REPORTER'S TRANSCRIPT OF PROCEEDINGS

TUESDAY, OCTOBER 26, 2010

APPEARANCES:

FOR THE PLAINTIFF: ZAMOS & OKOJIE
BY: JEROME ZAMOS, ESQ.
5228 CAMPO ROAD
WOODLAND HILLS, CA 91364

ELSIE G. DIWA, RPR
CSR NO. 11416
OFFICIAL COURT REPORTER

APPEARANCES (CONTINUED) :

FOR THE DEFENDANT
LEHMAN BROTHERS
HOLDINGS:

AKERMAN SENTERFITT, LLP
BY: BRYAN M. LEIFER, ESQ.
725 SOUTH FIGUEROA STREET
38TH FLOOR
LOS ANGELES, CA 90071-5438

THE DEFENDANT:
(IN PROPRIA PERSONA)

JANELLE BAIRD
11422 212TH STREET
LAKEWOOD, CA 90715

THE DEFENDANT:
(IN PROPRIA PERSONA)

MOHAMAD F. HAFFAR
625 BROADWAY
SUITE 825
SAN DIEGO, CA 92101

THE DEFENDANT:
(IN PROPRIA PERSONA)

SAMANTHA HILL
1201 N. ORANGE GROVE AVE.
UNIT #106
WEST HOLLYWOOD, CA

THE DEFENDANT:
(IN PROPRIA PERSONA)

LATOSHIA KELLER
4515 DON RICARDO DRIVE
UNIT #4
LOS ANGELES, CA 90008

1 CASE NUMBER: BC374163
2 CASE NAME: WALTZ VS. BLUE OCEAN MORTGAGE
3 DEPARTMENT 47 HON. DEBRE K. WEINTRAUB, JUDGE
4 LOS ANGELES, CA TUESDAY, OCTOBER 26, 2010
5 REPORTER: ELSIE G. DIWA, RPR, CSR #11416
6 APPEARANCES: SEE TITLE PAGE
7 TIME: A.M. SESSION
8
9 ---000---
10

11 THE COURT: CALLING THE WALTZ VS. BLUE OCEAN
12 MORTGAGE CORPORATION CASE, BC374163. EVERYONE, YOU NEED
13 TO COME UP, AND WE'RE GOING TO GET YOU CHAIRS SO YOU CAN
14 SIT DOWN WITH RESPECT TO THAT. SO ANYONE -- THE
15 ATTORNEYS, THE PRO PERS, COME ON UP HERE. EVERYONE CAN
16 HAVE A SEAT. NOW, SLOWLY, WE'RE GOING TO HAVE EVERYONE
17 STATE THEIR NAME FOR THE RECORD.

18 MR. ZAMOS: THANK YOU, YOUR HONOR. JEROME ZAMOS,
19 APPEARING ON BEHALF OF PLAINTIFF, CROSS-DEFENDANT,
20 PRUDENCE WALTZ, WHO IS SITTING TO MY RIGHT. AND JUST AS
21 A NOTE, THE OTHER PEOPLE IN THE COURTROOM, MY WIFE IS
22 HERE JUST AS AN OBSERVER.

23 THE COURT: THIS IS AN OPEN COURTROOM, ANYONE IS
24 WELCOME.

25 MR. ZAMOS: AND MS. HILL MAY INTRODUCE HER SISTER.

26 THE COURT: THANK YOU, COUNSEL. YOU CAN HAVE A
27 SEAT.

28 STATE YOUR NAME.

1 THE PLAINTIFF: PRUDENCE WALTZ.

2 MS. HILL: SAMANTHA HILL.

3 MS. BAIRD: JANELLE BAIRD.

4 MR. HAFFAR: MOHAMAD HAFFAR ON BEHALF OF MYSELF.

5 MR. LEIFER: BRYAN LEIFER ON BEHALF OF LEHMAN
6 BROTHERS.

7 MS. CHANG: CANDIE CHANG ON BEHALF OF AURORA LOAN
8 SERVICES, A PARTY IN THIS ACTION.

9 MS. KELLER: LATOSHIA KELLER REPRESENTING MYSELF.

10 MS. BANG: STEPHANIE BANG ALSO FOR AURORA LOAN
11 SERVICES.

12 THE COURT: WE'RE GOING TO DO SOME NECESSARY
13 HOUSEKEEPING AND OTHER MATTERS THAT WE HAVE TO ADDRESS.
14 I AM GOING TO, BEFORE I DO ANYTHING ELSE, ASK EACH
15 INDIVIDUAL -- NOW, THE ATTORNEYS, TO THE EXTENT THERE
16 ARE MORE THAN ONE ATTORNEY REPRESENTING A PARTY, ONE OF
17 YOU SPEAK TO THE COURT. YOU CAN SPEAK TO THE COURT ON
18 DIFFERENT MOTIONS, DIFFERENT MATTERS, BUT ONCE THE COURT
19 ADDRESSES IT, ONLY ONE OF YOU CAN SPEAK WITH RESPECT TO
20 THAT.

21 TO THE EXTENT YOU ARE REPRESENTED BY
22 COUNSEL, YOUR COUNSEL SPEAKS FOR YOU. SO YOU DON'T GET
23 AN OPPORTUNITY. IF YOU'RE A PRO PER, THAT'S YOUR
24 OPPORTUNITY, AND YOU CERTAINLY GET TO SPEAK TO THE
25 COURT.

26 EVERYONE IS HELD TO THE SAME STANDARDS.
27 WHETHER YOU'RE REPRESENTING YOURSELF OR WHETHER YOU'RE
28 AN ATTORNEY, YOU ARE BOUND BY ALL THE RULES OF EVIDENCE,

1 AND ALL THE RULES OF COURT WILL BE APPLIED EQUALLY. THE
2 COURT WILL GIVE NO SPECIAL PREFERENCE TO THE ATTORNEYS
3 OR THE PRO PERS. EVERYONE IS HELD TO THE SAME STANDARD.

4 NOW, I'M GOING -- WE'RE GOING TO START WITH
5 THE DEFENDANTS THIS TIME AND GO THROUGH AND ASK, ARE
6 THERE ANY HOUSEKEEPING MATTERS, ANYTHING YOU NEED TO
7 ADDRESS TO THE COURT? AND WE'RE GOING TO WRITE THOSE
8 ALL DOWN AND DEAL WITH THEM. AND THE COURT HAS LOTS OF
9 MATTERS TO DEAL WITH, BUT FIRST I WANT TO HEAR FROM THE
10 PARTIES. SO LET'S START HERE.

11 MS. CHANG: YOUR HONOR, LEHMAN BROTHERS HOLDINGS,
12 INC., COUNSEL IS HERE, AND HE HAS SOMETHING TO INFORM
13 THE COURT.

14 MR. LEIFER: YOUR HONOR, WE FILED A BRIEF THIS
15 MORNING REGARDING A STAY OF PROCEEDINGS INVOLVING LEHMAN
16 BROTHERS WHOSE PROPERTY IS AT ISSUE IN THIS CASE.
17 LEHMAN BROTHERS FILED A CHAPTER 11 BANKRUPTCY.

18 THE COURT: CAN YOU TALK LOUDER, COUNSEL.

19 MR. LEIFER: OF COURSE, YOUR HONOR.

20 THE COURT: PRETEND WE'RE IN A FOOTBALL FIELD AND
21 I'M ON THE OTHER END.

22 MR. LEIFER: YOUR HONOR, LEHMAN BROTHERS, MY
23 CLIENT, HAS PROPERTY AT ISSUE IN THIS CASE. THERE'S
24 BEEN A CHAPTER 11 BANKRUPTCY FILED IN 2008. SO
25 CURRENTLY THERE'S A STAY ON ALL PROCEEDINGS, MATTERS,
26 AND LIENS RELATING TO LEHMAN BROTHERS UNDER 11 USC 362
27 (A) (4). AND I JUST WANT TO INFORM THE COURT OF THAT.

28 THE COURT: I APPRECIATE THAT, COUNSEL. WHEN YOU

1 TALK ABOUT THE PROPERTY, WHAT PROPERTY? BE SPECIFIC.

2 MR. LEIFER: WE ARE TALKING ABOUT THE LOAN AT
3 ISSUE IN THE PROCEEDING THAT WAS MADE BY BNC MORTGAGE
4 TO JANELLE BAIRD ON AUGUST 11, 2006.

5 THE COURT: AND THE PROPERTY BEING?

6 MR. LEIFER: AND THAT PROPERTY IS 844 WEST 57TH
7 STREET, LOS ANGELES, CALIFORNIA. AND THAT IS PROPERTY
8 OWNED BY LEHMAN BROTHERS HOLDINGS. AND THAT IS A
9 PROPERTY AT ISSUE IN THIS CASE, YOUR HONOR.

10 THE COURT: AND LEHMAN BROTHERS HAS A BANKRUPTCY
11 STAY.

12 MR. LEIFER: ON ALL PROCEEDINGS, YOUR HONOR.

13 MR. HAFFAR: WHY DIDN'T YOU BRING IT UP BEFORE?

14 THE COURT: EXCUSE ME. LET ME BE VERY CLEAR. AND
15 I THOUGHT I WAS, BUT LET ME BE CLEARER. THIS IS A
16 COURTROOM. THE RULES AND PROCEDURES APPLY, WHETHER YOU
17 ARE A PRO PER OR WHETHER YOU'RE COUNSEL. ONE OF THOSE
18 RULES IS WE DON'T TALK WHEN OTHER PEOPLE ARE TALKING.
19 THE COURT WILL GIVE EVERYONE THE OPPORTUNITY. WE DON'T
20 INTERRUPT ANYONE. THE ONLY REASON THERE SHOULD BE AN
21 INTERRUPTION IS IF THERE'S AN EMERGENCY, LIKE AN
22 EARTHQUAKE. BUT IF YOU DON'T LIKE SOMETHING SOMEONE
23 ELSE SAYS, YOU DON'T JUST START TALKING. THAT'S RUDE,
24 IT'S NOT APPROPRIATE, AND IT'S NOT GOING TO BE
25 TOLERATED. I DON'T EXPECT THERE TO BE ANY MORE
26 PROBLEMS.

27 YES.

28 MR. LEIFER: YES, YOUR HONOR. AND SO I'M BRINGING

1 THIS TO THE ATTENTION OF THE COURT.

2 THE COURT: WHO DID YOU NOTIFY, COUNSEL?

3 MR. LEIFER: I NOTIFIED -- THIS MORNING I FILED
4 SOMETHING, AND I NOTIFIED OPPOSING COUNSEL, COUNSEL FOR
5 PRUDENCE WALTZ, YOUR HONOR. AND I TRIED TO ACT ON THIS
6 AS QUICKLY AS I COULD.

7 THE COURT: WHEN DO YOU ANTICIPATE, TO THE BEST OF
8 YOUR KNOWLEDGE, IF YOU HAVE ANY, WHEN THE STAY IS GOING
9 TO BE LIFTED?

10 MR. LEIFER: YOUR HONOR, THAT WOULD BE SPECULATION
11 ON MY PART. I COULD GIVE A ROUGH ESTIMATE AS MAYBE SIX
12 MONTHS.

13 THE COURT: WHERE IS THIS BEING HANDLED OUT OF?

14 MR. LEIFER: SOUTHERN DISTRICT OF NEW YORK, YOUR
15 HONOR.

16 THE COURT: THANK YOU. YES. THANK YOU.

17 MR. LEIFER: THANK YOU, YOUR HONOR.

18 THE COURT: WE'RE GOING TO ADDRESS THIS POINT NOW,
19 THE BANKRUPTCY STAY WITH RESPECT TO THAT. COUNSEL, I
20 WANT YOU TO STAND UP. WHAT ARE YOU ASKING THIS COURT TO
21 DO?

22 MR. LEIFER: YOUR HONOR, WHAT I'M ASKING THIS
23 COURT TO DO IS JUST COMPLY WITH THE STAY SET FORTH BY
24 THE SOUTHERN DISTRICT OF NEW YORK ON ALL PROCEEDINGS.

25 THE COURT: DID YOU SHOW THE DOCUMENT -- I HAVE
26 LOTS OF PRO PERS HERE. COUNSEL GOT A COPY OF IT, I'M
27 SURE. AURORA, WHO'S WITH COUNSEL. DID YOU SHOW THE
28 OTHER PARTIES?

1 MR. LEIFER: I SHOWED COUNSEL.

2 THE COURT: HE DOESN'T REPRESENT THESE OTHER
3 PEOPLE. DID YOU SHOW THE OTHER PEOPLE?

4 MR. LEIFER: NO, I DID NOT, YOUR HONOR.

5 THE COURT: OKAY. THIS IS WHAT WE'RE GOING TO DO.
6 WE'RE GOING TO STOP THE PROCEEDINGS NOW, AND YOU'RE
7 GOING TO GO OUTSIDE AND SHOW EVERYBODY THE DOCUMENTS.
8 AND YOU'RE GOING TO HAVE A CHANCE TO LOOK AT IT. AND
9 THEN I'M GOING TO HAVE EVERYONE COME BACK IN, BECAUSE
10 YOU'RE NOT GOING TO HAVE TO RESPOND UNTIL YOU KNOW WHAT
11 YOU'RE LOOKING AT, BECAUSE THAT'S JUST NOT RIGHT.

12 DID YOU FILE SOMETHING WITH THE COURT THAT
13 YOU DIDN'T SERVE ON EVERYBODY?

14 MR. LEIFER: THAT'S CORRECT, YOUR HONOR.

15 THE COURT: OH, THAT'S NOT GOOD. SO YOU'RE GOING
16 TO HAVE TO GO MAKE COPIES SO -- THESE ARE PARTIES. THEY
17 HAVE TO BE SERVED. I CAN'T LOOK AT ANYTHING.

18 MR. LEIFER: RIGHT. I COMPLETELY UNDERSTAND, YOUR
19 HONOR.

20 THE COURT: TO TELL YOU THE TRUTH, I HAVEN'T
21 LOOKED AT IT. I JUST LOOKED AT THE FIRST PAGE. I HAVE
22 A PILE THAT'S PART OF IT. MAKE SOME COPIES. DO YOU
23 HAVE LOTS OF COPIES WITH YOU?

24 MR. LEIFER: I COULD MAKE COPIES IMMEDIATELY, YOUR
25 HONOR.

26 THE COURT: I THINK SO.

27 MR. LEIFER: WITH THE COURT'S PERMISSION, I COULD
28 JUST USE THE COURT'S COPY AS WELL AND SWITCH IT OUT WITH

1 THIS ONE, IF I COULD.

2 THE COURT: WELL, IF YOU GAVE ME A CONFORMED COPY,
3 I CAN GIVE YOU BACK THE CONFORMED COPY, BUT ANYTHING
4 THAT'S FILED I CAN'T GIVE BACK. DO YOU WANT THE
5 CONFORMED COPY?

6 MR. LEIFER: YES, YOUR HONOR.

7 THE COURT: THE FILED COPY, I DON'T RETURN. I
8 WILL RETURN CONFORMED COPIES.

9 MR. LEIFER: THANK YOU.

10 THE COURT: NOW, WE'RE GOING TO TAKE -- BECAUSE
11 IT'S IMPORTANT FOR YOU TO LOOK AT IT. I THINK IT WILL
12 TAKE APPROXIMATELY 20 MINUTES TO HALF AN HOUR TO COPY
13 IT. AND THEN YOU HAVE TO LOOK AT IT. SO WHY DON'T WE
14 HAVE YOU ALL BACK HERE AT -- AND I WANT TO GIVE YOU
15 PLENTY OF TIME. 11:15. DOES THAT SOUND REASONABLE? SO
16 IF HE GIVES IT TO YOU WITHIN THE NEXT 15 TO 20 MINUTES,
17 YOU HAVE IT. SO I'LL HAVE EVERYONE BACK AT 11:15.

18 MR. HAFFAR: I JUST WANT TO APOLOGIZE FOR MY
19 OUTBURST. I'M SORRY.

20 MS. HILL: ME, AS WELL. THANK YOU.

21 THE COURT: THANK YOU. SEE EVERYONE BACK AT
22 11:15. THANK YOU.

23

24 (RECESS TAKEN.)

25

26 THE COURT: COUNSEL, ALL THE PARTIES, PLEASE COME
27 ON UP AND HAVE A SEAT. WE'RE MISSING MS. WALTZ. WE ARE
28 MISSING ONE OTHER INDIVIDUAL.

1 MS. CHANG: MS. BAIRD. I'LL GO GET HER.

2 THE COURT: LET'S HAVE EVERYBODY PUT THEIR NAMES
3 BACK ON THE RECORD. EVERYBODY WAS ORDERED BACK AT
4 11:15. IT'S ABOUT 11:17 NOW.

5 COUNSEL, WHY DON'T YOU STATE YOUR NAME.
6 WE'LL START ON THIS SIDE.

7 MR. ZAMOS: JEROME ZAMOS APPEARING ON BEHALF OF
8 PLAINTIFF, PRUDENCE WALTZ.

9 THE PLAINTIFF: PRUDENCE WALTZ, PLAINTIFF.

10 MS. HILL: SAMANTHA HILL, DEFENDANT.

11 MR. HAFFAR: MOHAMAD HAFFAR, DEFENDANT.

12 MS. KELLER: LATOSHIA KELLER, DEFENDANT.

13 MS. BANG: STEPHANIE BANG FOR AURORA LOAN
14 SERVICES.

15 MS. CHANG: CANDY CHANG FOR AURORA.

16 MR. LEIFER: BRYAN LEIFER FOR LEHMAN BROTHERS.

17 THE COURT: WE'RE STILL MISSING ONE PERSON. THEY
18 WERE ORDERED BACK. WE NEED TO CONTINUE ON THIS MATTER.
19 DO YOU KNOW WHERE SHE IS?

20 MS. CHANG: NO. I SAW HER IN THE HALLWAY ABOUT 10
21 MINUTES AGO, AND SHE'S NOT THERE ANYMORE.

22 THE COURT: NO PHONE CALLS OR NOTICE. WE'RE GOING
23 TO MOVE ON WITH RESPECT TO THIS MATTER.

24 OKAY. COUNSEL, ADDRESS THE COURT. DID YOU
25 GIVE COPIES, SOMETHING YOU SERVED, AND FILED WITH THE
26 COURT, TO ALL THE PARTIES AND ALL THE PERSONS?

27 MR. LEIFER: GOOD MORNING, YOUR HONOR. YES, I
28 SERVED IT AND HAVE GIVEN IT TO ALL THE PARTIES,

1 INCLUDING THE LADY WHO IS NOT HERE.

2 THE COURT: VERY GOOD. THANK YOU.

3

4 (MS. BAIRD ENTERS THE PROCEEDINGS.)

5

6 THE COURT: OH, SHE'S HERE. YOU HAVE TO BE HERE
7 ON TIME. THANK YOU. WHY DON'T YOU STATE YOUR NAME.

8 MS. BAIRD: JANELLE BAIRD.

9 THE COURT: YOU HAVE TO BE HERE ON TIME. HAVE A
10 SEAT. THANK YOU.

11 VERY GOOD. WHAT ARE YOU ASKING THIS COURT
12 TO DO?

13 MR. LEIFER: WE'RE ASKING THIS COURT TO JUST TAKE
14 INTO ACCOUNT THE STAY IN THE SOUTHERN DISTRICT OF NEW
15 YORK AND IMPOSE A STAY ON THE ACTION FOR A PERIOD OF
16 TIME UNTIL THE BANKRUPTCY IS RESOLVED.

17 THE COURT: THANK YOU. I'M GOING TO HEAR FROM
18 ANYONE AND THEN ADDRESS IT. COUNSEL?

19 MS. CHANG: ON BEHALF OF AURORA. AND I RECEIVED
20 THE AUTHORITY TO ACCEPT THE INSTRUCTION FROM LEHMAN
21 BROTHERS HOLDINGS, INC., AS TO THEIR WISH TO FILE A
22 MOTION FOR THE AUTOMATIC STAY IN THIS CASE.

23 THE COURT: ISN'T THERE AN AUTOMATIC STAY ALREADY
24 IN EFFECT, COUNSEL?

25 MS. CHANG: THERE IS. TO ENFORCE THAT.

26 THE COURT: ISN'T THAT UNDER THE BANKRUPTCY CODE?

27 MS. CHANG: YES, YOUR HONOR.

28 THE COURT: SO YOU'RE NOT CONTESTING IT. YOU'RE

1 JUST SAYING, "JUDGE, FOLLOW THE LAW." IS THAT WHAT
2 YOU'RE TELLING THE COURT?

3 MS. CHANG: YES, YOUR HONOR.

4 THE COURT: OKAY. THANK YOU.

5 WE'LL START HERE. STAND UP, STATE YOUR NAME
6 AND --

7 MS. KELLER: LATOSHIA KELLER, REPRESENTING MYSELF.
8 JUST WANTED TO MAKE A STATEMENT ON BEHALF OF MYSELF
9 BASICALLY.

10 THE COURT: AND THIS IS THE TIME TO DO IT.

11 MS. KELLER: I'M GOING TO READ IT.

12 THE COURT: JUST GO SLOWLY.

13 MS. KELLER: MY NAME IS LATOSHIA KELLER, DEFENDANT
14 NAMED IN THIS CASE. I WAS A THIRD-PARTY NOTARY PUBLIC
15 CALLED BY BLUE OCEAN TO PROVIDE A NOTARY SERVICE TO
16 THEIR CLIENTS, PRUDENCE WALTZ AND SAMANTHA HILL, IN
17 JANUARY, 2006.

18 I WAS NEVER INVOLVED IN ANY FRAUDULENT
19 ACTIVITIES THAT I AM BEING ACCUSED OF. I WAS NEVER
20 ASKED TO PARTICIPATE IN ANY FRAUDULENT ACTIVITIES NOR
21 DID I SERVICE ANY CLIENTS WITH THE INTENT OF FRAUD.

22 I WAS UNABLE TO GET AN ATTORNEY
23 REPRESENTATION THROUGHOUT THIS CASE BECAUSE I CANNOT
24 AFFORD ONE AND HAVE BEEN AT A DISADVANTAGE THROUGHOUT
25 THIS CASE DUE TO NOT HAVING AN ATTORNEY.

26 THE PLAINTIFF'S ATTORNEY, MR. ZAMOS, AT MY
27 DEPOSITION AND ANY CONTACT I'VE HAD WITH HIM HAVE BEEN
28 EXTREMELY RUDE AND DISRESPECTFUL AND INSENSITIVE TO MY

1 RIGHTS. HE HAS BULLIED ME AND MANIPULATED MY POSITION
2 IN THIS CASE, DESPITE MY EFFORTS TO GIVE MY STATEMENT
3 AND SHOW THAT I HAVE DONE MY JOB AS A NOTARY AND WAS NOT
4 INVOLVED IN ANY FRAUD OF WHICH I AM BEING ACCUSED.

5 DURING MY TERM AS A NOTARY PUBLIC, I ALWAYS
6 PERFORMED MY JOB WITHIN THE RULES AND ETHICAL DUTIES SET
7 BY THE STATE OF CALIFORNIA. I AM INNOCENT OF THE
8 ACCUSATIONS MADE AGAINST ME IN THIS CASE. THIS HAS
9 CAUSED ME STRESS, WASTED TIME, AND DUE TO THE
10 MILLION-DOLLAR JUDGMENT FILED AGAINST ME BY THE
11 PLAINTIFF, I HAVE BEEN DENIED EMPLOYMENT WHICH HAS
12 CAUSED A HARDSHIP.

13 I AM ASKING THAT I BE NAMED OUT OF THIS CASE
14 AS I WAS A THIRD-PARTY NOTARY AND NOT INVOLVED IN ANY
15 FRAUD. I DID MY JOB AS A NOTARY PUBLIC, FOLLOWING ALL
16 RULES AND ETHICS AS A NOTARY FOR THE STATE. THAT'S IT.

17 THE COURT: THANK YOU. ANYTHING ELSE YOU WANTED
18 TO STATE WITH RESPECT TO THE STAY? YOU CAN SAY "NO."

19 MS. KELLER: NO.

20 THE COURT: THANK YOU.

21 MR. HAFFAR: NO OBJECTIONS.

22 THE COURT: STATE YOUR NAME, PLEASE.

23 MR. HAFFAR: I'M SORRY. MOHAMMAD HAFFAR. I HAVE
24 NO OBJECTIONS TO THE STAY.

25 THE COURT: STAND UP, PLEASE. STATE YOUR NAME.

26 MS. BAIRD: JANELLE BAIRD.

27 THE COURT: DO YOU HAVE ANYTHING YOU WANT TO TELL
28 THE COURT?

1 MS. BAIRD: NOT AT THE MOMENT, YOUR HONOR.

2 THE COURT: THAT'S FINE. OKAY. THANK YOU. YOU
3 DON'T HAVE TO SAY ANYTHING.

4 STAND UP. STATE YOUR NAME.

5 MS. HILL: SAMANTHA HILL. I WOULD LIKE TO OBJECT
6 TO THE STAY ONLY BECAUSE, SIMILAR TO WHAT MS. KELLER HAS
7 STATED, I AM VERY MUCH A VICTIM IN THIS CASE, WAS
8 VICTIMIZED BY MATT KAYE AND ALL OF THE PARTIES
9 ASSOCIATED WITH BLUE OCEAN. AND NO DISRESPECT TO
10 MS. KELLER, BUT THERE ARE MULTIPLE SIGNATURES.

11 THIS GOES SO FAR BEYOND THIS PARTICULAR
12 PROPERTY, AND THERE ARE SIGNATURES OF MINE THAT ARE NOT
13 EVEN CLOSE TO MINE. A FIVE-YEAR-OLD COULD TELL YOU
14 THEY'RE NOT MINE, AND THEY WERE NOTARIZED BY YOU. SO I
15 DON'T KNOW HOW THAT'S POSSIBLE.

16 BUT I, AS WELL, HAVE ALREADY SPENT MONEY AND
17 TIME AND A RUINED CREDIT SCORE THAT I'M HAVING TO WORK
18 TO REBUILD BY DOING WHAT I ALWAYS DID BEFORE I MET THESE
19 PEOPLE, WHICH WAS PAID MY BILLS ON TIME AND BE A
20 FINANCIALLY RESPONSIBLE INDIVIDUAL AND A CITIZEN OF THE
21 UNITED STATES. SO I WANT IT TO BE OVER.

22 AND I JUST WANT THIS TO BE DONE OR FOR ME TO
23 BE ALSO RELEASED FROM THESE PROCEEDINGS, BECAUSE I HAVE
24 STATED VERY CLEARLY AND THERE'S SO MUCH EVIDENCE THAT
25 PROVES THAT I WAS A VICTIM AND THAT THE SIGNATURES OF
26 MINE BUYING HER HOME ARE NOT -- WERE NOT GOTTEN LEGALLY.
27 THANK YOU.

28 THE COURT: THANK YOU.

1 COUNSEL, IT'S YOUR TURN.

2 MR. ZAMOS: WE OBJECT TO THE STAY, BECAUSE IT HAS
3 NO APPLICATION TO THIS PROCEEDING. AND AT SOME POINT,
4 THERE'S A BASIC CONCEPT WHICH I THINK IS APPLICABLE.
5 THERE IS SOMETHING CALLED JUDICIAL ESTOPPEL, AND THE
6 COURT CAN TAKE JUDICIAL NOTICE OF THE POSITION THAT
7 AURORA ITSELF HAS TAKEN IN THIS VERY LITIGATION, ALL OF
8 WHICH THE COURT CAN TAKE JUDICIAL NOTICE OF.

9 FIRST OF ALL, HAVING HAD SOME EXPERIENCE
10 WITH AUTOMATIC STAYS IN COMPARABLE SITUATIONS, AURORA
11 LOAN SERVICES, THE DEFENDANT AND EQUALLY SIGNIFICANT
12 CROSS-DEFENDANT IN THIS LITIGATION, IS NOT AND NEVER HAS
13 BEEN IN ANY CHAPTER 11 OR OTHER BANKRUPTCY PROCEEDING AS
14 FAR AS WE CAN DETERMINE.

15 CLEARLY, WE WERE AWARE THAT THE PARENT OF
16 AURORA WAS IN BANKRUPTCY AT THE TIME WE ENTERED THIS
17 CASE BECAUSE, OBVIOUSLY, THE LEHMAN HOLDINGS PROCEEDING
18 HAS BEEN WIDELY COVERED IN THE PRESS AND IS A MATTER OF
19 GENERAL KNOWLEDGE THROUGHOUT THE UNITED STATES, IF NOT
20 THE WORLD.

21 WITH REFERENCE TO THIS, THE STATEMENT THAT
22 SOMEHOW THE PROPERTY IS THE PROPERTY OF THE ESTATE IS IN
23 DIRECT CONFLICT, IN DIRECT CONFLICT WITH SWORN
24 DECLARATIONS THAT HAVE BEEN FILED IN THIS LITIGATION ON
25 BEHALF OF AURORA LOAN SERVICES, BOTH IN SUPPORT AND
26 OPPOSITION TO OUR MOTION FOR SUMMARY JUDGMENT. IN
27 ADDITION, EVEN IF THERE WERE A STAY, IT WOULD HAVE NO
28 APPLICATION TO THIS PROCEEDING IN WHICH AURORA FILED A

1 CROSS-COMPLAINT.

2 NOW, THE SIGNIFICANCE OF THE CROSS-COMPLAINT
3 WHICH I BELIEVE WAS FILED IN JUNE OF 2009, WE FILED -- I
4 ENTERED THIS LITIGATION, I BELIEVE, IN LATE 2008. WE
5 FILED A MOTION WHICH WAS SERVED ON AURORA IN SOME MATTER
6 IN EARLY JANUARY OF 2009. AT THAT TIME WE REQUESTED
7 LEAVE FROM FORMER JUDGE MUNOZ FOR LEAVE TO FILE THE
8 FOURTH AMENDED COMPLAINT.

9 BASED UPON OUR REVIEW OF THE PUBLIC RECORD,
10 WHICH CLEARLY INDICATED THAT TITLE WAS NOT IN LEHMAN
11 HOLDINGS OR BNC MORTGAGE FOR THAT MATTER, WHICH ARE THE
12 TWO PRINCIPAL ENTITIES THAT ARE THE SUBJECT MATTER OF
13 PERHAPS ONE OF THE MOST COLOSSAL BANKRUPTCY PROCEEDINGS
14 IN THE HISTORY OF THE UNITED STATES.

15 THE SUGGESTION, PERHAPS, THAT SOMEHOW IT
16 WILL BE RESOLVED IN SIX MONTHS IS PERHAPS WISHFUL
17 THINKING. BUT IN ANY CASE, WE PROCEEDED BASED UPON THE
18 RECORD, AND I NEVER HAD -- BECAUSE I KNOW ENOUGH ABOUT
19 362(A). NEVER WOULD I HAVE MADE ANY ATTEMPT TO PROCEED
20 WITH THE CLAIM AGAINST AURORA, NOR, FOR THAT MATTER,
21 WOULD I HAVE ACCEPTED THE REPRESENTATION OF MS. WALTZ IF
22 I THOUGHT THAT I WAS GOING TO HAVE TO BE INVOLVED IN THE
23 BANKRUPTCY IN NEW YORK.

24 IN ANY CASE, IN JUNE OF 2008 AND
25 SIGNIFICANTLY, AURORA, WHICH IS NOW JUDICIALLY BOUND BY
26 ITS CLAIMS, FILED A CROSS-COMPLAINT IN THIS VERY
27 LITIGATION. IN THAT CROSS-COMPLAINT, THEY VERY
28 PRECISELY TRACKED THE CHAIN OF TITLE THAT THEY CLAIMED

1 RESULTED IN THE PROPERTY IN QUESTION, BECOMING VESTED
2 NOT IN LEHMAN HOLDINGS, NOT IN LEHMAN HOLDINGS, BUT IN
3 AURORA. AND SIGNIFICANTLY, WE HAVE HAD ALL SORTS OF
4 RESISTANCE EVEN IN DISCOVERY TO OBTAINING RECORDS FROM
5 THE AFFILIATED ENTITIES, INCLUDING LEHMAN.

6 AND MS. BANG HAS TOLD US THAT SHE COULDN'T
7 PRODUCE VARIOUS DOCUMENTS BECAUSE THESE DOCUMENTS HAD
8 NOTHING TO DO WITH AURORA, THEY BELONG TO EITHER BNC OR
9 LEHMAN OR SOMEBODY ELSE. SO UP UNTIL THIS MORNING,
10 MS. BANG AND CHANG HAVE VERY CAREFULLY MADE A POINT OF
11 THE FACT THAT LEHMAN -- NO OTHER LEHMAN SUBSIDIARY OR
12 ENTITY WAS INVOLVED IN THIS PROCEEDING OTHER THAN
13 AURORA. WE DROPPED DISCOVERY REQUESTS BASED UPON THE
14 FACT AND THE REPRESENTATION THAT THE SOLE ENTITY THAT
15 WAS APPEARING HERE WAS AURORA.

16 BUT NOW PROCEEDING TO THE REPRESENTED CHAIN
17 OF TITLE, WHICH ESTABLISHES THAT THE PROPERTY IN
18 QUESTION WAS NOT WITHIN THE OWNERSHIP OR POSSESSION OF
19 THE BANKRUPTCY ESTATE AND HAD PASSED INTO THE SUBSIDIARY
20 OVER A YEAR BEFORE THE BANKRUPTCY ESTATE CAME INTO
21 EXISTENCE.

22 I SPECIFICALLY REFER THE COURT TO PARAGRAPHS
23 21 THROUGH 24, INCLUSIVE, AT PAGE 5, LINES 4 THROUGH 12
24 OF THE CROSS-COMPLAINT. NOW, BEAR IN MIND THAT THE
25 CROSS-COMPLAINT ITSELF, EVEN ASSUMING THAT AURORA WAS IN
26 BANKRUPTCY, ONCE IT FILED AN ACTION, IT IS NOT BARRED IN
27 PURSUING AN ACTION IN THE STATE COURT IF IT WERE
28 DEBTOR-IN-POSSESSION. IT WOULD HAVE THE RIGHT. AND IF

1 IT INVOKED THE JURISDICTION WITH REFERENCE TO THE
2 SUBJECT MATTER OF THE LITIGATION, THEN IT EFFECTIVELY
3 WAIVES THE STAY UNDER 362(A) .

4 SO WE LOOK AT THE CROSS-COMPLAINT, AND WE
5 START WITH PARAGRAPH 21. BNC, WHICH IS THE SUBSIDIARY
6 OF LEHMAN HOLDINGS THAT MADE THE LOAN THAT WAS
7 FORECLOSED, ASSIGNED THAT LOAN TO CROSS-COMPLAINANT,
8 AURORA, SOMETIME BEFORE FEBRUARY OF 2007. AND IN 2007,
9 FEBRUARY OF 2007, PARAGRAPH 22, A NOTICE OF DEFAULT WAS
10 RECORDED. THAT'S OVER A YEAR AND A HALF BEFORE THE
11 ESTATE, LEHMAN HOLDINGS ESTATE, COMES INTO EXISTENCE.
12 PARAGRAPH 23, MAY 24, A NOTICE OF TRUSTEE WAS RECORDED
13 ON THE SUBJECT PROPERTY.

14 AND THE CLAIM OF OWNERSHIP IN THE
15 CROSS-COMPLAINT, THE DEFENDANT, AURORA LOAN SERVICE,
16 WHICH IS NOT PROTECTED BY 362(A), IS THAT ON JULY 5,
17 2007, WHICH IS A YEAR AND TWO MONTHS BEFORE THE HISTORIC
18 BANKRUPTCY FILING, CROSS-COMPLAINANT AURORA OBTAINED
19 TITLE TO THE SUBJECT PROPERTY, NOT LEHMAN HOLDINGS.
20 THEY CAN'T HAVE IT THAT THEY ARE THE OWNER. THEY ARE A
21 SUBSIDIARY. THEY ARE NOT SUBJECT TO OR PROTECTED BY THE
22 AUTOMATIC STAY.

23 EVEN IF THEY WERE, THE MINUTE THEY FILED A
24 CROSS-COMPLAINT, WE HAVE THE RIGHT -- IT'S A BASIC DUE
25 PROCESS RIGHT TO APPEAR, AND WE DID. WE FILED, IN
26 RELIANCE ON THAT, OUR ANSWER IN WHICH WE RAISED VARIOUS
27 AFFIRMATIVE DEFENSES, INCLUDING THE RIGHT TO RECOVER BY
28 WAY OF OFFSET ANY DAMAGE CLAIMS THAT WE MIGHT HAVE

1 AGAINST AURORA, NOT AGAINST LEHMAN HOLDINGS.

2 THE CLAIMS IN THIS CASE HAVE NOTHING TO DO
3 WITH AND ARE NOT SUBJECT TO A JURISDICTION OF THE
4 SOUTHERN DISTRICT OF CALIFORNIA [SIC.] AND DO NOT FALL
5 WITHIN THE COVERAGE OF THE BANKRUPTCY CODE. THANK YOU.

6 THE COURT: THANK YOU. I WILL LET ANYONE WHO
7 WISHES TO RESPOND TO RESPOND. DO YOU WISH TO RESPOND?

8 MS. HILL: NO, THANK YOU.

9 MS. BAIRD: NO.

10 MS. KELLER: NO, YOUR HONOR.

11 THE COURT: YOU WISH TO RESPOND? STATE YOUR NAME.

12 MR. LEIFER: BRYAN LEIFER.

13 WELL, I FEEL BAD THAT COUNSEL WOULD HAVE
14 NEVER LITIGATED THIS IF HE KNEW WE HAD TO LITIGATE IN
15 THE SOUTHERN DISTRICT OF NEW YORK.

16 THE COURT: IT'S THE SOUTHERN DISTRICT OF NEW
17 YORK, NOT CALIFORNIA; CORRECT?

18 MR. LEIFER: SOUTHERN DISTRICT OF NEW YORK.
19 HOWEVER, THE FACT OF THE MATTER IS THAT UNDER BOTH
20 CALIFORNIA LAW AND THE FEDERAL LAW, THAT'S EXACTLY WHAT
21 HAS TO HAPPEN. THE CASE THAT GOVERNS IS NATIONAL UNION
22 VS. SAYES [PH.]. IT'S A CALIFORNIA COURT OF APPEAL
23 CASE, AND THE COURT OF APPEAL HAS HELD THAT JURISDICTION
24 CAN NEVER BE WAIVED EVEN BY ESTOPPEL. AND THAT'S
25 EXACTLY WHAT PLAINTIFF IS ARGUING HERE, IS THAT IF WE --
26 JUST ESTOPPEL, AND WE CAN'T DO THAT.

27 SO THAT'S A LONGSTANDING FACT OF THE
28 CALIFORNIA LAW. SECONDLY, UNDER 11 USC 362(A) (4) --

1 WHAT THAT SECTION SAYS IS THE STAY IS GOING TO BE
2 ENFORCED UNDER ANY ACT OF A LIEN AGAINST THE
3 BANKRUPTCY -- IN THE ACT OF A LIEN AGAINST THE ESTATE.
4 THAT'S PART OF THE BANKRUPTCY ESTATE. SO THAT COULD
5 HAPPEN AT ANY TIME.

6 SO BOTH THE PLAINTIFF'S ARGUMENTS JUST DON'T
7 REALLY HOLD UP AND, UNFORTUNATELY, THIS COURT DOESN'T
8 HAVE ANY JURISDICTION OVER THE BANKRUPTCY STAY.

9 THE COURT: THANK YOU. DID YOU WISH TO RESPOND?

10 MR. ZAMOS: YES.

11 I PREVIOUSLY LITIGATED AND RESEARCHED THIS.
12 I'M PREPARED TO GIVE THE COURT A THOROUGH -- A COMPLETE
13 BRIEF IF YOU WISH. HOWEVER, WHAT THE LAW IS IS THIS IS
14 NOT PART OF THE ESTATE. THE BANKRUPTCY CODE DOES NOT
15 PROTECT SUBSIDIARIES. THERE ARE NUMEROUS FEDERAL
16 DECISIONS IN THE BANKRUPTCY COURT, AND I'VE CITED THEM
17 BEFORE. I HAVE THEM IN A BRIEF THAT I COULD GET YOU BY
18 TOMORROW, OR IF YOU WANT, I CAN GO TO THE LAW LIBRARY.

19 THE COURT: NO, THAT'S FINE, COUNSEL. I
20 UNDERSTAND WHAT YOU'RE SAYING. ANYTHING ELSE?

21 MR. ZAMOS: THE ESTOPPEL -- IT HAS NOTHING TO DO
22 WITH ESTOPPEL. WE'RE DEALING WITH AN ACTION THAT, EVEN
23 IF AURORA WAS SUBJECT TO THE PROTECTION, IT HAS BROUGHT
24 THE ACTION, AND THE LAW IS EQUALLY CLEAR THAT IF THE
25 DEBTOR OR THE DEBTOR-IN-POSSESSION BRINGS AN ACTION ON
26 ITS BEHALF, BASIC DUE PROCESS REQUIRES THE RIGHT TO HAVE
27 IT LITIGATED AND DEFENDED IN THE STATE COURTS.

28 THE COURT: THANK YOU. WOULD YOU LIKE TO STATE

1 ANYTHING -- ANYONE ELSE WANT TO STATE ANYTHING ELSE?

2 SUBMIT?

3 MR. ZAMOS: SUBMIT.

4 THE COURT: SUBMIT? THAT MEANS YOU DON'T WANT TO
5 SAY ANYTHING ELSE.

6 MS. HILL: SUBMIT.

7 MS. BAIRD: SUBMIT.

8 MR. HAFFAR: YOUR HONOR, I SUBMIT.

9 MS. KELLER: SUBMIT.

10 MS. CHANG: SUBMITTED, YOUR HONOR.

11 MR. LEIFER: SUBMITTED, YOUR HONOR.

12 THE COURT: I APPRECIATE THE POSITIONS ARTICULATED
13 BY THE PARTIES AND THE ATTORNEYS IN THIS MATTER. THE
14 COURT IS GOING TO HONOR THE AUTOMATIC STAY.

15 WE'RE GOING TO SET THIS FOR A STATUS HEARING
16 IN FEBRUARY, AND THAT'S -- WE'LL HAVE A STATUS REPORT.
17 I WANT FIVE DAYS PRIOR, AURORA, TO DO A JOINT REPORT --
18 THAT MEANS YOU NEED TO GET IN TOUCH WITH EVERYONE WITH
19 RESPECT TO IT -- A JOINT REPORT REGARDING THE STATUS
20 WITH RESPECT TO THIS CASE.

21 THIS ACTION IS STAYED PURSUANT TO THE
22 AUTOMATIC STAY. IT'S THE ENTIRE ACTION. THE COURT'S
23 TAKING NO ACTION ON THIS. FEBRUARY 25, 2011. IS THAT A
24 GOOD DATE FOR EVERYBODY? THAT'S AT 8:30. AURORA, GIVE
25 NOTICE.

26 WHAT DOES THAT MEAN? THAT MEANS YOU
27 DON'T, AT THIS POINT, NEED TO COME BACK TO THE COURT.
28 THE COURT IS AN OPEN COURTROOM. YOU'RE ALWAYS WELCOME

1 BACK HERE TO OBSERVE OTHER CASES, BUT THIS MATTER IS
2 STAYED UNTIL FURTHER NOTICE. AND IF THE COURT HEARS --
3 AND THE COURT MAY HEAR SOMETHING -- THE COURT WILL
4 ADDRESS IT AT THE APPROPRIATE TIME. BUT AT THIS POINT
5 IT IS STAYED. WE'LL HAVE A STATUS AT THAT TIME. IS
6 THAT SATISFACTORY? EVERYONE UNDERSTANDS?

7 MS. CHANG: YES, YOUR HONOR. I HAVE A QUESTION.
8 MAY I OBTAIN THE CURRENT ADDRESS FOR MS. BAIRD AND
9 MS. KELLER, BECAUSE THE LAST KNOWN ADDRESS WE HAVE HAS
10 BEEN RETURNED UNDELIVERABLE.

11 THE COURT: THAT WOULD BE FINE. ANY OBJECTION?

12 MS. BAIRD: NO.

13 THE COURT: ANY OBJECTION?

14 MS. KELLER: NO.

15 THE COURT: THANK YOU. EVERYBODY SHOULD HAVE WITH
16 RESPECT TO IT -- YOU SHOULD DEFINITELY MAKE SURE THAT
17 THE COURT HAS YOUR CURRENT ADDRESSES. YOU SHOULD ALWAYS
18 KEEP THEM INFORMED WITH RESPECT TO THAT.

19 ANYTHING ELSE? VERY GOOD. THANK YOU.
20 WE'RE IN RECESS.

21

22

23 (END OF PROCEEDINGS.)

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1 SUPERIOR COURT OF THE STATE OF CALIFORNIA
2 IN AND FOR THE COUNTY OF LOS ANGELES

3 DEPARTMENT 47

HON. DEBRE K. WEINTRAUB, JUDGE

4 PRUDENCE M. WALTZ,

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6 PLAINTIFF,

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7 VS.

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9 BLUE OCEAN MORTGAGE CORPORATION
10 INC., ET AL.,

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11 DEFENDANTS.

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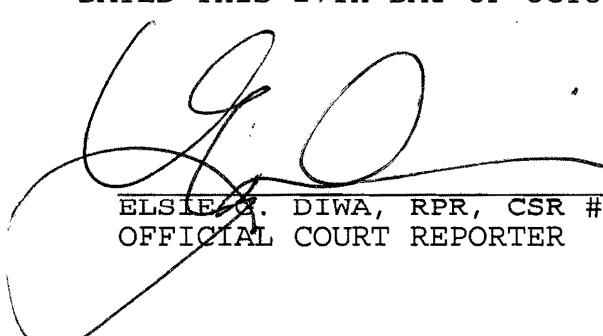
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14
15 I, ELSIE G. DIWA, OFFICIAL COURT REPORTER
16 FOR THE SUPERIOR COURT OF THE STATE OF CALIFORNIA
17 IN AND FOR THE COUNTY OF LOS ANGELES, DO HEREBY CERTIFY
18 THAT THE FOREGOING PAGES 1 THROUGH 20, INCLUSIVE
19 COMPRISE A FULL, TRUE AND CORRECT TRANSCRIPT OF THE
20 PROCEEDINGS TAKEN IN THE ABOVE-ENTITLED MATTER ON
21 OCTOBER 26, 2010.

22
23 DATED THIS 27TH DAY OF OCTOBER, 2010.

24
25
26 
ELSIE G. DIWA, RPR, CSR #11416
27 OFFICIAL COURT REPORTER
28